

**EXECUTIVE SECRETARIAT**  
ROUTING SLIP

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SUSPENSE

Date

Remarks

Executive Secretary  
10 Feb '87

Date

3637 (10-81)

## ROUTING AND TRANSMITTAL SLIP

Date

11 Feb 87

TO: (Name, office symbol, room number,  
building, Agency/Post)

Initials Date

1. DIRECTOR OF INFORMATION TECHNOLOGY

2.

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Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	For Your Information	See Me
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Coordination	Justify	

REMARKS

#1 - FOR ACT

APPROPRIATE.

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FROM: (Name, org. symbol, Agency/Post)

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EXA/DDA

Phone No.

5041-102

OPTIONAL FORM 41 (Rev. 7-76)  
Prescribed by GSA  
FPMR (41 CFR) 101-11.206

\*US GPO: 1983-421-529/320



General Services Administration  
Information Resources Management Service  
Washington, DC 20405

37-0435x

DBA/REG  
LOGGED

February 3, 1987

Dear Mr. Casey:

The General Services Administration (GSA) is closing down the old Federal Telecommunications System (FTS) long-distance network and moving to the new modern service, FTS 2000. This work will begin in 1988 and end in 1990.

This letter notifies you of an important decision you have to make concerning your agency's future long-distance telephone service. In this upcoming transition, GSA is endeavoring to give you all the information you need to make a wise decision relative to FTS 2000 use.

Instead of FTS 2000--you can select other carriers for your voice and data needs. At this time you have to decide whether you wish to select FTS 2000 for your agency's long-distance voice service, i.e., the type of traffic you have on the current FTS system.

If you wish to stay with FTS you need do nothing. GSA will move your service and you will automatically get the benefits of reduced prices and higher quality service when the transition begins in 1988. Please be aware, that in choosing this option you are committing your agency to FTS 2000 voice service for all locations we currently serve for you for the first 4 years of the contract and that termination before that time could incur liabilities.

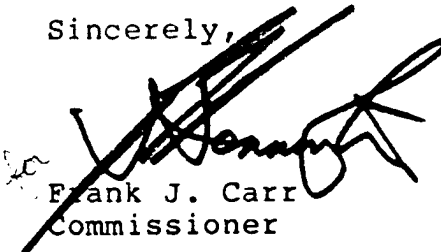
If you do not wish to stay with the FTS long-distance service, then you must inform GSA by March 31, 1987, of your intentions. By December 31, 1987, it will be necessary to present to GSA your detailed transition plans so that GSA may effectively deal with your agency during the transition. If you do intend to go to another service you should become acquainted with Federal Information Resources Management Regulation (FIRMR) Bulletin 29, "Changes to Federal Telecommunications System (FTS) intercity services--advance notification and request for comments" (released in Transmittal Circular 84-6, October 23, 1985) and FIRMR Bulletin 29, Supplement 1 (released in Transmittal Circular 84-15, November 24, 1986) which tells you what you need to do.

- 2 -

In January 1985 an interagency advisory committee was instituted composed of senior executives of the large user agencies to direct the FTS 2000 program. The FTS 2000 services agreement (enclosed) has been reviewed by this interagency committee in its role of representing all users in the FTS replacement program. In helping produce this agreement they have looked to the interests and concerns of all FTS users. You should understand this agreement if you choose to go with FTS 2000.

GSA will maintain a point of contact until March 31, 1987, for all questions or requests for information concerning FTS 2000. The telephone number for this is 535-0814.

Sincerely,



Frank J. Carr  
Commissioner

The Honorable  
William J. Casey  
Director  
Central Intelligence Agency  
Washington, DC 20505

Enclosures

## DRAFT USER AGREEMENT FOR FTS2000 SERVICES - December 31, 1986

### Purpose

This document sets forth the terms and conditions that form the basis for an agency to participate in FTS2000. Use of FTS2000 services by an agency will be construed as a binding interagency agreement between the General Services Administration (GSA) and the agency, incorporating the contents of this document.

### Overriding Considerations

Continuity of service to all current customer agencies and equity of allocation of transition costs will be considered paramount in transition from the current Federal Telecommunications System (FTS) intercity service. GSA and agencies will take necessary actions to ensure accomplishment of these goals.

### Description of Services

Type I: Switched Voice Service - for the transmission of voice and data for speeds up to 4.8 Kbps.

Type II: Switched Data Service - for transmission of data in a digital format at rates of 9.6, 19.2, and 56 Kbps.

Type III: Switched Digital Service - for digital transmission of integrated voice, data, image, text, and video at transmission rates of 64 Kbps and 1.544 Mbps.

Type IV: Packet Switching Service - for the transmission of data in packet form.

Type V: Video Transmission Services - for the transmission of both compressed and wideband video.

Type VI: Dedicated Transmission Service - for the point to point transmission of voice and data over private lines.

Specification of these services and quality standards are contained in Section C.2 of the RFP, entitled, "FTS2000 Services: A Request for Proposals to Replace the Federal Telecommunications System."

Locations identified as candidates for FTS2000 services, to be used for planning purposes, are detailed in Section J, Attachments, of the above cited RFP.

There are two kinds of service coverage, namely, ubiquitous and non-ubiquitous.

- 2 -

Ubiquitous services: subscription connotes an ability to communicate between any locations.

Non-ubiquitous services: subscription connotes limiting communications to between selected location pairs or combination of pairs.

Service Types I, II, III, and IV are considered to be ubiquitous; Type V and VI, non-ubiquitous.

Note--The implication of the terms ubiquitous and non-ubiquitous are dealt with more fully below.

See also section below entitled Final Detailed Specifications; for example, cited RFP terms may be superseded by subsequent contractual actions.

#### Effective Periods of Agreement

Agreement for FTS2000 services is on a phased basis:

Type I: Agreement for voice services is in three phases of four years, three years, and three years, respectively; commitment being separate for each phase prior to that phase. The first phase begins immediately upon contract award.

Type II, III, and IV: Agreement for Type II, III, and IV services are binding for three years from the date of initiation of the services.

Type V and VI: Agreement for Type V and VI services are for one year from date of initiation of the services.

#### Critical Dates - Consequential Agreement for Current FTS Customer Agencies

Agency notice to GSA that current FTS intercity voice service is not to be transitioned to FTS2000 for the first phase (four years) is required March 31, 1987, in order to plan an orderly transition. If timely current user notice is not received, GSA will assume a decision to transition to FTS2000. Services will be transitioned and will remain in effect for the first phase of four years.

Existing customers of FTS intercity who notify GSA by March 31, 1987, that they intend an alternative to FTS2000 for Type I service will have the downsizing of their current traffic planned into the overall transition with the objective

- 3 -

of minimizing impact upon all current users of the FTS system. Details of their new service plan, sufficient that GSA can plan an orderly downsizing of the current system, are due December 31, 1987.

Existing customers of FTS intercity who notify GSA of an alternative but do not provide sufficient information to plan an orderly transition will be included in the FTS2000 transition by default (to render harmless such actions to the majority of FTS users). GSA will assume the customer agency to be in accord with the terms of agreement contained herein for the first phase of four years.

Agreement for Type I voice services by agencies who are not subscribers to the current FTS intercity service but wish to be included in the first phase are due March 31, 1987.

Agreement for other Type services is required with the following lead times prior to the requested date of initiation of services:

- Type II - 2 months
- Type III - 3 months
- Type IV - 2 months
- Type V - 2 months
- Type VI - 2 months

#### Current FTS Intercity Close-down Costing

All current FTS customers, irrespective of their future Type I voice carrier, will share equitably in the costs of closing down the current FTS intercity system. Transition decisions will recognize the importance of minimizing this cost.

#### Responsibility Assignments for Initial Transition

Responsibilities of the FTS2000 contractor, GSA, and FTS2000 customer agencies during initial transition of the service are contained in Section C.5.1 of the above cited RFP.

#### Subscription for FTS2000 Use

Agency use of FTS2000 will be available on an individual service type basis and agencies may choose to subscribe to any single or any combination of services. Subscription to Type I service is not a requirement to subscribe to other services.

- 4 -

### Traffic Scope

Agencies generally will not be able to have selected use of a ubiquitous service, e.g. geographically or otherwise limited. The intention of this scope requirement is to preserve the integrity of the overall FTS2000 contract. This contract has been undertaken with certain assumptions as to universal geographical mixture of traffic represented by the requirements tape supplied to competing vendors. As contract administrator, GSA will apply two tests to any proposed limitation of traffic before accepting it:

1) that the proposed load does not significantly deviate from the requirements profile such that there would be cause for renegotiation of contract terms by the FTS2000 vendor to the detriment of other users;

2) that the proposed load does not deviate significantly from the requirements profile such that there would be cause for a vendor other than the FTS2000 vendor to successfully protest to the detriment of the overall program.

Because of these tests the following subscription guidelines pertain:

#### Complete Agency Subscription

For a particular service type, agency use will normally be on a complete agency basis where an agency is an entity such as is defined by customer codes in the current FTS intercity service. GSA will consider applications for individual bureaus (or equivalent) use of FTS2000.

#### Ubiquitous Service Subscription

For agencies who subscribe to a ubiquitous service (see above) FTS2000 is the only supplier of that service for locations which fall within the reach of FTS2000 (or in the case of Type I voice service, locations served by the current FTS). A subscriber agency cannot employ alternative sources or bypass during the time period of the phase under agreement unless accepted by GSA within the intent described above under "Traffic Scope". For the same reason, ubiquitous services cannot be included in any least cost routing system unless accepted by GSA.

#### Non-ubiquitous Service Subscription

Agencies that subscribe to a non-ubiquitous service must specify the locations to be served prior to entering the one year agreement. Additional locations identified subsequent to the initial agreement may be added under separate one year agreements. Identified locations will form the sole scope of the agreement.

- 5 -

### Subscription Process

With the exception of the first phase of four years, for Type I services for agencies who currently are users of the FTS, the customer agency shall establish a single point of authority to commit the agency to service subscriptions. Only service subscriptions authorized by that point of authority will be recognized by GSA. Commitment of that point of authority establishes responsibility of the subscriber agency to reimburse GSA for all service charges and acceptance of this agreement in its entirety.

For agencies who are currently users of the FTS, the subscription process for the first phase of four years for Type I services is as described in "Critical Dates - Consequential Agreement for Current FTS Customer Agencies," above.

### Operational and Administrative Management

After the single agency commitment authority has obligated the agency to a service type, that agency may delegate operational management as it finds appropriate, consistent with contract procedures. Service orders, service order tracking, trouble reporting, trouble handling, user feedback, trouble report data access, user complaints, training, billing, and administrative and operational data access, are described in Sections C.3, C.4, G.3 and G.4 of the above cited RFP.

### Termination Within Effective Period of Agreement

Subscribers who remove their traffic prior to the end of an agreed phase will incur termination charges sufficient to render other users of FTS2000 harmless from the move.

### Use for Government Purposes

The management of FTS2000 use, including control of waste, fraud, and abuse, is a subscribing agency responsibility. All subscriber agencies agree that FTS2000 services will only be used for legitimate Government purposes as specified in statutes and regulations and agree to put in place such mechanisms as are necessary to ensure this. GSA will consider all completed telecommunications transactions as valid Government business in consideration of vendor payment.

### Final Detailed Specification

Specification of services, prices, methods, and procedures, will be those contractually binding on the FTS2000 contractor at the time of service delivery, unless otherwise specifically agreed to between GSA and the agency.



## U.S. Requests Bids for Phone Contract Valued at Up to \$4 Billion Over 10 Years

By JOHN E. YANG  
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—Like millions of other telephone customers, the federal government is shopping for a long-distance telephone company.

The General Services Administration yesterday asked for bids on a 10-year contract to design, equip and operate a state-of-the-art government telecommunications network. The bids are to be submitted by June, and the GSA hopes to award the contract, which could yield as much as \$4 billion in revenue for the winner, by the end of the year.

The bid announcement had been anticipated by the telecommunications industry for almost a year. The project is the largest procurement program in the GSA's history, according to agency officials.

American Telephone & Telegraph Co., which holds the current contract for the federal system, has already teamed with a unit of defense contractor Boeing Co. to try to retain it. Another defense contractor, Martin Marietta Corp. of Bethesda, Md., is joining with the seven regional Bell operating companies, MCI Communications Corp. of Washington and a unit of Toronto-based Northern Telecom Ltd. to seek the contract. US Sprint Communications Co., a long-distance telephone company owned jointly by GTE Corp., Stamford, Conn., and United Telecommunications Inc., Kansas City, Mo., is also expected to enter the competition.

The new service would replace the federally managed network of owned and leased equipment and leased long-distance telephone lines that link 1.3 million government workers nationwide and handle 300 million calls a year. The system, the world's largest private line network, was developed 24 years ago to take advantage of AT&T's bulk rates.

The current contract generates \$450 million in annual revenue for AT&T. The GSA is the only customer to have its own AT&T vice president to attend to it exclusively.

The GSA drafted the 376-page request for bids after consulting with several telecommunications companies. It lists specifications for the system only in terms of the services it would offer, leaving other technical specifications up to the bidders.

The new system, called FTS 2000, is to

provide voice, video and high-speed data communications. The current system can send only voice and low-speed data messages. The difference between the old and the new networks will be "the difference between horses and jet planes," said Bernard Bennington, GSA deputy commissioner for telecommunications services.

The GSA plan calls for the government to begin switching over to the new system in mid-1988 and for the entire network to be in place by the end of 1990.

Boeing Computer Services of Seattle, the Boeing unit working with AT&T, is already under contract to build a telephone and data network for the National Aeronautics and Space Administration. Boeing would design the GSA-requested system and AT&T would provide the equipment and the long-distance service.

In the Martin Marietta partnership the Bell companies would provide local telephone services and access to the main telephone network. MCI would handle long-distance services and Northern Telecom would provide the necessary equipment.

Under the new system, the government will pay only for the time the telephone lines are used, rather than leasing them full-time, as it now does. Having the vendor rather than the government manage the network would result in further savings, GSA officials said. The officials expect to reduce the system's current annual cost of \$505 million by at least \$100 million.



## News Release

GSA #8696

January 7, 1987

### FTS 2000 Fact Sheet

The present Federal Telecommunications System (FTS) long distance network has served the government since 1963 and is technologically outdated. FTS now carries 300,000,000 calls annually and costs approximately \$505,000,000. Its successor -- FTS 2000 -- will:

- Dovetail with President Reagan's Reform '88 and privatization initiatives by making the government a telecommunications user, not an owner-user.
  - Streamline operations to provide improved efficiency.
  - Diminish opportunities for waste, fraud and abuse by providing managers better information and better methods for control.
  - Remove the federal government from the management, operation and ownership of a telephone system serving 1,300,000 federal employees, chiefly at federal civilian agencies.
  - Require no federal investment.
  - Generate private sector employment opportunities for the development, installation and operation of the system.
  - Encourage marketplace competition which should spur technological development and product research.
  - Utilize private capital -- not government resources -- to finance acquisition and installation of the equipment making up the system.
- Result in substantial savings for the federal government -- with estimates exceeding more than \$100,000,000 annually.
- Enable the federal government to take advantage of economies of scale in the telecommunications industry.
- Stimulate competition in private industry to meet the government telecommunications demands for engineering, operations, technical management, research and development, plants and facilities, including switches and circuits; installation and maintenance services.

- MORE -

U.S. General Services Administration, Washington, DC 20405 (202) 566-1231

- 2 -

FTS 2000 will sustain and enhance the government's National Security and Emergency Preparedness through improved responsiveness and telecommunications efficiency. During emergency periods when all telecommunications networks are subjected to severe overload, FTS 2000 will assure normal service for critical users. The service contractor will provide expedited ordering to meet critical service requirements. FTS 2000 also will be able to communicate with other networks specified by the Government. These capabilities should be sufficient to assure service under all but the most extreme damage to the Nation's telecommunications systems.

FTS 2000 will be the long distance component of the federal telecommunications system, which is being further improved by major procurements of digital switches and related equipment -- including the Aggregated Switch Procurement (ASP) and the Washington Telecommunications System (WITS) programs for enhancing local services to federal installations nationwide. FTS 2000 will:

- Be consistent with the General Services Administration's overall plan to modernize equipment and to provide federal employees with a quality workplace.
- Expand and strengthen the government's telecommunications system to meet the challenge of being the central hub for all government digital and voice communications systems.
- Begin providing service to federal agencies in 1988, with the transition to be completed by 1990.
- Make the General Services Administration the contract manager for the new leased system, instead of owner and manager.

It is estimated FTS 2000 will affect the productivity of roughly 1,300,000 workers -- or about two-thirds of the government's workforce -- as a result of the automation of information processing and communications, including:

- Improved voice transmission
- High-speed document transmission linking computers at speeds of up to 1.54 megabits -- 70 pages -- per second
- High-speed document transmission between compatible word processors
- Electronic mail
- High-speed transmission of document copies
- Full motion video conferencing

- 30 -



## News Release

GSA #8697

January 7, 1987

### GSA Releases FTS 2000 Request for Proposals

The U.S. General Services Administration (GSA) today announced the government is getting out of the telephone business as it released final procurement specifications for FTS 2000, a new long distance telephone service which will revolutionize federal telecommunications and will rely on private business for operation and management.

GSA Administrator Terence C. Golden, who announced the release of the request for proposals, said FTS 2000 will provide federal agencies with the most advanced telecommunications service in the world while saving the government more than \$100,000,000 per year. It will be the largest procurement in the history of the agency, he said. GSA's role will be to oversee the contract and program. Proposals are to be received by mid-1987, with contract award expected by the end of the year.

FTS 2000 will replace the Federal Telecommunications System (FTS), the world's largest private line network, which serves 1,300,000 federal workers -- about two-thirds of the federal civilian work force. It is equal in size to the fifteenth largest telephone company in the world.

The current FTS, which has served the government since 1963, is about to celebrate its 25th anniversary. It can no longer provide either the kinds or volume of service the government needs and now costs approximately \$505,000,000 annually, Golden said.

(More)

U.S. General Services Administration, Washington, DC 20405 (202) 566-1231

- 2 -

The GSA administrator said FTS 2000 exemplifies President Reagan's Reform 88 privatization effort. Rather than buying or leasing hardware and lines as in the past, GSA will buy services. Competing vendors are being invited to submit proposals on how they would provide the services and at what cost. GSA is seeking a single prime contractor to provide all services and a single system manager.

The federal government also will not make any upfront capital outlays for FTS 2000, Golden said, relying instead on the private sector's excess fiber optic network capacity and private capital for additional switching facilities. The long term effect of FTS 2000 will be to encourage, through increased competition, the introduction of new technology into the provision of government telecommunications services.

Despite its size, FTS represents only a small fraction of the telecommunications traffic carried on the nation's public telecommunications systems. By being a part of the larger public network, the economies of scale will achieve lower costs and increased competition and will result in lower prices for FTS 2000 services, Golden said.

Comparing the current system to the enhanced capabilities of FTS 2000 -- particularly in data communications -- is like comparing the horse and buggy to jet planes, Golden said. He said the new system will revolutionize federal telecommunications, paving the way for major innovations which will include video teleconferencing, facsimile transmission, electronic mail, high-speed transmission of data between computers and high-speed transmission of documents between word processors. The present system is restricted to voice and slow-speed data transmission.

Only the capability of an agency's local telephone system or the kind

(More)

of phones employees have on their desks will limit the services an agency can have, Golden said.

- o FTS 2000 will permit managers to select services they need to provide budget control. International or domestic long-distance calls can be restricted to certain telephones, for example. Managers will be able to have fully detailed call reports monthly, even down to office level, to help control cost or abuse.

- o Employees will be able to send messages by electronic mail to any other user in the system, nationwide, if both sender and receiver have the necessary terminals.

- o If users have compatible word processors, they will be able to transfer material at high speeds to provide others nationwide with access to large documents.

- o Those on the system who have high-speed image transmission equipment will be able to send high quality copies of photographs and charts to users nationwide.

- o Users nationwide will be able to communicate in video, from slow scan -- providing a picture change every 20 seconds -- to full-motion video conferencing for those having the necessary terminal equipment. Users will simply dial the other party as in any telephone conversation, or the system can be pre-programmed so a video conference will occur automatically.

- o FTS 2000 will provide high-speed data transmission to link computers and other devices at data speeds of up to 1.54 megabits per second, the equivalent of transmitting 70 pages of copy per second.

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- 4 -

During emergency periods when all telecommunications networks are subject to severe overload, FTS 2000 will assure normal service for critical users. The prime service contractor will provide expedited ordering to meet critical service requirements. In addition, FTS 2000 will be able to communicate with other networks specified by the government. These capabilities should be sufficient to assure service under all but the most extreme damage to the nation's telecommunications systems.

FTS 2000 will promote rapid migration to the Integrated Services Digital Network (ISDN), an emerging worldwide set of standards for the delivery of voice, data, image and text in digitized form.

ISDN will make very high-speed switched data services available to a large universe of government users. This should provide the nucleus for explosive growth in very sophisticated problem-solving capabilities.

This includes instructive graphics, access to knowledge based systems, access to and movement of information associated with very large spread sheets and data base management systems, desk top to printer publishing capabilities, high speed facsimile, and expanded remote job entry applications. These capabilities can operate concurrently with voice, promoting efficiency and effectiveness in problem solving activities.

The transition from the present FTS to FTS 2000 is expected to begin in 1988, twenty-five years after the first official telephone call was made on the FTS by Congressman Jack Brooks of Texas, currently chairman of the House Committee on Government Operations. The transition will be completed by 1990.

The GSA administrator said, "FTS 2000 is an important program to this administration. The federal agencies must make a transition to a modern

(More)

digital telecommunications service to achieve the gains in productivity needed to support a smaller federal workforce. FTS 2000 accomplishes this objective through reliance on the private sector in an innovative way that will assure that agency requirements will be met in an efficient, cost-effective manner. Reliance on the private sector also means an increase in private sector employment as the government streamlines its operations," he said.

# # # .